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SUBJECT: MEDIA REACTION: DALAI LAMA MEETING; U.S.-CHINA RELATIONS;

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Editorial Quotes  
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1. DALAI LAMA MEETING

"Dalai Lama meeting to be held as scheduled"

The official English-language newspaper China Daily (02/18) (pg 1):  
"Despite the choice of location, however, any state leader who meets with the Dalai Lama in private or public risks damaging relations with China, said Pang Zhongying, an international relations expert with the Beijing-based Renmin University of China. A joint appearance by Obama and the Dalai Lama before the media could worsen China-U.S. ties and further complicate U.S. efforts to secure Chinese help on major international issues, including nuclear programs in Iran and the Korean Peninsula. Obama should focus more on important issues like trade and climate change instead of harming China relations by meeting the Dalai Lama, Fred Teng, a member of the National Committee on China-U.S. Relations, said on Tuesday. 'Obama will be instigating a potentially destructive downward spiral in relations,' Teng wrote in a recent article published on the Huffington Post, a U.S.-based news website. Tibet was part of China long before Hawaii became a U.S. state, Teng wrote, pointing out that U.S. Congress had passed the Apology Resolution, a law that apologized for the government's role in supporting the 1893 overthrow of the Kingdom of Hawaii. 'However, Hawaii is still a solid part of U.S. sovereignty. How would the U.S. government react if China supported a leader of a Hawaiian sovereignty movement?' he wrote. Ma Zhaoxu, a spokesman for China's Ministry of Foreign Affairs, last week urged the U.S. to fully understand the sensitivity of issues related to Tibet, honor its commitment to recognizing Tibet as part of China and oppose 'Tibet independence.' The U.S. should not offer the Dalai Lama a venue to engage in anti-China, splitting activities, said Ma."

2. U.S.-CHINA RELATIONS

"Holdings of U.S. Treasury debt slashed"

The official English-language newspaper China Daily (02/18) (pg 1):  
"Liu Yuhui, an economist with the Chinese Academy of Social Sciences (CASS), said now is a good time to cut holdings of U.S. Treasuries as recent European debt concerns have driven up the U.S. dollar. 'China has chosen the right strategy in slashing its huge holdings of U.S. government debt as the greenback rebounds,' said Liu, adding that there is no sign of change to the long-term weakness of the U.S. dollar. Massive U.S. deficit spending and near-zero interest rates would also further erode the value of U.S. bonds, said Cao Honghui, director of financial market research at CASS. Premier Wen Jiabao said in March last year he was 'worried' about the Treasury holdings and wanted assurances his country's U.S. investments were safe, while Zhou Xiaochuan, governor of the People's Bank of China, proposed a new global currency to reduce reliance on the U.S. dollar. Eswar Prasad, a trade policy professor at Cornell University and former head of the International Monetary Fund's

China division said that Chinese leaders are deploying their reserves to try and pressure the U.S. to stop haranguing China about its currency and trade policies, and to back off from interference in its domestic issues. However, Nicholas Lardy, a China expert at the Peterson Institute for International Economics in Washington, said he believes the dramatic cut in U.S. Treasuries is purely a market move. The China-U.S. relationship was still relatively smooth last December so the political implications should not be over-emphasized."

HUNTSMAN